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Methods of Promoting Private Investment into Human Resources Development Industry

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I. Overview

In the 21st century's knowledge-based society, the ability to create and apply knowledge is the main factor that determines a nation's prosperity and at the same time, it is the core strategy for enhancing the nation's competitiveness.

Whereas the importance of human resources development and human resources development industry is emphasized, the definition of human resources development varies among scholars according to their viewpoints; And the confusion in the definition of human resources development directly results in the confusion in the definition of human resources development industry.

To clear the confusion, this study will define the terms 'human resources development' and 'human resources development industry (hereafter HRD industry),' and suggest methods to promote private investment in HRD industry through analysis of existing laws and system.

II. Human Resources Development and HRD Industry

According to the definition used by Ministry of Education and Human Resources Development and international organizations, such as OECD, UNESCO and ILO, human resources development, in essence, is the discovery and cultivation of the individual's potential to build a globalized and knowledge-based society in which everyone can co-exist. That is, human resources development is to maximize human potential and to

make most of this potential for the advancement of economy and society. It can be understood as formation, use and distribution of human resources in a broad sense; as human resources development in corporations in a narrow sense; or only formation of human resources in an enlarged sense.

In this study, HRD industry is defined based on the definition of human resources development and general facts of standard industry classification are summed up to draw out standard industry classification regarding HRD industry. In addition, the difference between market and industry is illustrated. With all these particulars, HRD industry is defined as the industry related to the formation and distribution of human resources. In this definition, the use of human resources is not included because it does not produce any services or goods.

Therefore, HRD industry can be understood as the industry involving a series of activities to produce or provide education and training services that contribute to the formation of human resources; employment security services, career counseling services, and qualification services that foster the distribution of human resources; and finally information services that produce and disseminate information about the education and training market and the employment market. Based on this definition of HRD industry, the study searches for the possibility of industry classification to fulfill special purposes.

III. Private Participation and Regulation in Human Resources Development

The researchers analyzed, based on statistical data, the size and scale of HRD industry and the share of private investment in the industry. It was evident that the proportion of private investment is not insignificant, especially in the formal educational institutions. However, there was a need to expand private investment in adult education and worker education and training. The statistics show that there is greater investment given to private organizations than to the governmental or public organizations. What is important is not the quantity of investment but the quality and substance of the investment. Now that private participation in the fields of HRD industry has expanded in quantity, it is

necessary to analyze the extent of regulation in activities and operations of HRD industry. The analysis of the relevant laws shows that deregulation is required to foster the HRD industry. In addition, the direction for revising the relating law is suggested.

IV. Promoting Methods

To effectively promote the HRD industry, it is necessary to first examine the significance of private investment and the factors that hinder or facilitate it, and then to devise effective ways of investment. There are mainly three significances to promoting private investment in HRD industry: vitalization of HRD industry by private organization, promotion of private investment for development of HRD industry, and enlargement of individual investment.

Based on our findings we identified a number of tasks, which if fulfilled, could foster private investment in HRD industry. We found, for example, that the establishment of a comprehensive plan, taxation benefits and financial support for equipment and facilities is necessary for achieving this.

Measures that could help foster the private investment in this industry were also identified. First, the expansion of paid study leaves may be effective. Second, reforming the loan system, including reciprocal financing, could encourage learners and their parents to make investments. Third, the actual operation of the Education Account System, which is not practiced although it is prescribed in the lifelong education law, could also help. A similar Individual Study Account System exists in England. Fourth, financial support for individuals can help them participate in lifelong education and human resources development.

V. Conclusion

This study concludes with following suggestions on what efforts the government can make to promote private investment in HRD industry: 1) review of the possibility of linking the industry policy, R&D policy, and education policy; 2) clear division of labor

between the government and the private sector through adjusting government regulations in the human resources development field; 3) amendment of related laws based on a thorough survey and analysis of existing regulations; 4) devising ways to secure the necessary budget to invigorate human resources development; 5) making new laws that can strengthen the financial security and help formulate new methods of developing the human resources development industry, and the addition of taxation support, finance support, and improvement of security system to the devices; and 6) review of related policies through tripartite dialogue among labor, management and government to accomplish the improvement of laws and regulations, the reinforcement of financial security, and the building of partnership to share the financial burden of making these efforts.